

Title 4, California Code of Regulations, Division 18

(Chapter 4. Manufacturers or Distributors of Gambling Equipment)

Section 12300. Definitions.

- (a) Except as provided in subsection (b), the definitions in Business and Professions Code section 19805 shall govern the construction of the regulations contained in this chapter:
- (b) As used in this chapter only:
 - (1) “Antique collector” means any individual that sells, exchanges, or otherwise transfers five or fewer antique slot machines, as defined in Penal Code section 330.7, during any calendar year. For purposes of computing the number of antique slot machines transferred during any calendar year, transactions in which a registered manufacturer or distributor acts as an agent or broker on behalf of an antique collector shall not be counted or included. “Antique collector” does not include any individual who is otherwise a manufacturer or distributor within the meaning of paragraph (9) of this subsection.
 - (2) “Class B” refers to any manufacturer or distributor that has no place of business in the State of California and that does not transport gambling equipment to a destination within the State of California, other than transportation of gambling equipment from an out-of-state location to a tribal gaming facility in this state in compliance with the requirements of section 7.4.5 of the applicable Tribal-State Gaming Compact and the procedures established by agreement thereunder. All other manufacturers or distributors are Class A.
 - (3) “Commission” means the California Gambling Control Commission.
 - (4) “Division” means the Division of Gambling Control in the California Department of Justice.
 - (5) “Essential Parts” means and includes any of the following:

- (A) Game and pay table programmed media, whether in programmable read-only memory or erasable programmable read-only memory.
 - (B) Other electronic or magnetic storage media containing programming or data that affect the outcome of the game.
- (6) “Executive Director” means Executive Director of the Commission or such other person who may be designated by the Commission.
- (7) “Gambling equipment” means any slot machine or device as defined in section 330b or 330.1 of the Penal Code. “Gambling Equipment” also includes (A) any essential part and (B) any inoperable slot machine or device that is substantially complete and repairable or that can be made operable with the installation of one or more essential parts. Any reference to slot machines or devices has the meaning defined in Penal Code sections 330b and 330.1.
- (8) “Manufacture or distribute” and “manufacture or distribution” refer to the activities of a manufacturer or distributor specified in paragraph (9) of this subsection.
- (9) “Manufacturer or Distributor” means any person that manufactures, including the assembly, production, programming, or modification of, distributes, sells, leases, inspects, tests, repairs, refurbishes, or stores gambling equipment in this state or for use in this state. Manufacturer or distributor includes, in addition to in-state manufacturers and distributors, persons performing these functions in a location outside of this state with respect to gambling equipment intended for operation in this state.
- (10) “Registration” means registration with the Commission under this chapter.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code; Section 337j, Penal Code.

Reference: Section 19841(r), Business and Professions Code; Section 337j(e)(1), Penal Code

Section 12301. Registration of Manufacturers or Distributors.

- (a) Except as provided in Section 12310, and after December 31, 2002, no person may manufacture or distribute gambling equipment unless that person has a currently valid registration as a manufacturer or distributor in accordance with these regulations.
- (b) Each manufacturer or distributor shall apply for registration with the Commission, using the form required by Section 12309. Any manufacturer or distributor in business on the effective date of this chapter shall submit an application for registration to the Commission within 30 days of the effective date of this chapter. An application for registration shall include all of the following:
 - (1) The applicant's name, Federal Employer Identification Number, if any, or Social Security Number, voice telephone number, facsimile telephone number, and address of its principal place of business and of each location in this state at which it conducts the business of manufacture or distribution of gambling equipment or gambling equipment parts, including a list of its storage facilities. For purposes of this paragraph, a vehicle used for the storage or distribution of gambling equipment parts shall be deemed to be located at the address in this state where customarily garaged or kept when not in use.
 - (2) A statement specifying in which activities the applicant engages with respect to gambling equipment located, operated, or to be operated in this state, including, as applicable, manufacturing, distributing, selling, leasing, inspecting, testing, repairing, refurbishing, or storing.
 - (3) Whether the application is for registration as a class A or as a class B manufacturer or distributor.
 - (4) If the applicant is a business entity, the name, mailing address, voice telephone number, and facsimile telephone number, if

any, of its chief executive officer, or other person designated by the entity to serve as the entity's representative.

- (5) If the principal place of business of the applicant is located outside of this state, the applicant shall provide a copy or other evidence of current licensure in the jurisdiction in which it is located to manufacture or distribute gambling equipment, or shall submit a statement that such licensure is not required by the jurisdiction in which it is located.
- (6) A copy of the applicant's current registration with the United States Attorney General pursuant to the Gambling Devices Act of 1962, 15 United States Code section 1173, if the applicant is so registered. If the applicant is not so registered, the application shall include a statement that the applicant is not required to register under the Gambling Devices Act of 1962, Title 15 United States Code section 1173.
- (7) Whether the manufacturer or distributor has currently designated an agent for service of process pursuant to the laws of this state by a filing with the Secretary of State and, if so, the name of the designated agent for service of process.
- (8) A statement that the application is accurate and complete within the personal knowledge of the designated representative who executes the application.
- (9) A declaration under penalty of perjury in the form specified in Section 2015.5 of the Code of Civil Procedure signed by the designated representative that the application is true and correct.
- (10) (A) Except as provided in subparagraph (B) of this paragraph, for Class A registration, a nonrefundable application fee of five hundred dollars (\$500) shall be submitted with the application for initial registration, and annually thereafter with each application for renewal at least thirty days prior to the anniversary date of initial registration. For Class B registration, no fee shall be required for initial registration or renewal. Applications

for renewal of Class B registration shall be submitted annually at least thirty days prior to the anniversary date of initial registration.

- (B) The nonrefundable annual application fee for a manufacturer or distributor applying for Class A registration that sells, leases, inspects, tests, repairs, refurbishes, or stores only slot machines or devices that are “antique slot machines” within the meaning of Penal Code section 330.7 shall be forty dollars (\$40), provided that this subparagraph does not apply to a person that is otherwise a manufacturer or distributor or who is an antique collector exempt from registration under Section 12301.1.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code.

Reference: Sections 19805(b), 19841(r) and 19951(a), Business and Professions Code; Section 2015.5, Code of Civil Procedure; Section 330.8, Penal Code; Chapter 24 (commencing with Section 1171) of Title 15 of the United States Code.

Section 12301.1. Claim of Exemption by Antique Collector; Form

- (a) An antique collector may obtain an exemption from registration under this chapter if the antique collector satisfies all of the following requirements:
 - (1) Submits a completed Antique Collector Claim of Exemption CGCC 039 (Rev. 11/03), which is hereby incorporated by reference, in which the antique collector declares under penalty of perjury in the form specified in Section 2015.5 of the Code of Civil Procedure that the information provided in the application is accurate and complete.
 - (2) The antique collector maintains and retains in California for a period of five years a record of each transaction showing the names and addresses of all parties to the transaction.

- (b) Any antique collector who intends to sell, exchange, or transfer more than five antique slot machines within a calendar year shall register as a manufacturer or distributor as otherwise required by this chapter.
- (c) The records of slot machine transactions and the inventory of slot machines in the possession of any antique collector shall be subject to inspection by representatives of the Commission or the Division during normal business hours.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code.

Reference: Sections 19805(b), 19841(r) and 19951(a), Business and Professions Code; Section 2015.5, Code of Civil Procedure; Section 330.8, Penal Code; Chapter 24 (commencing with Section 1171) of Title 15 of the United States Code.

Section 12302. Delegation of Authority; Process Times.

- (a) The Executive Director shall review and grant or deny applications for registration in accordance with this chapter.
- (b) The Executive Director shall approve an application for registration under this chapter if the application satisfies the requirements of section 12301(b) of this chapter.
- (c) The Executive Director shall notify the applicant in writing within ten business days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information required in order to complete the application. If the applicant fails to provide the required information within 45 days, the application shall be deemed abandoned and no further action will be taken on it.

Upon determination that an application for registration is complete, the application shall be processed within ten business days and the Executive Director shall either issue the registration applied for or shall notify the applicant of denial and the grounds therefor.

- (d) Notwithstanding any other provision of this chapter, including subsection (a) of Section 12301, the time within which to register as a manufacturer or distributor shall be extended during any time required by the Executive Director for consideration of a registration application that has been resubmitted pursuant to subsection (c) of this section.

Authority: Sections 19823, 19824, 19840, and 19841, Business and Professions Code Sections 19805(b) and 19841(r), Business and Professions Code.

**Section 12303. Conditions of Registration.
(Operative August 1, 2003)**

- (a) Each manufacturer or distributor shall, as a condition of continued registration, comply with the following continuing requirements:
 - (1) Submit in duplicate to the Commission, at its office in the City of Sacramento, within 30 days after the close of each calendar quarter, a report on sales and shipments of gambling equipment as follows:
 - (A) Except as provided in subparagraph (D) of this paragraph (1), for each shipment of gambling equipment in interstate or foreign commerce received or sent out by the manufacturer or distributor from or to a location in the State of California during the preceding calendar quarter, the report shall include all of the following information:
 - (i) The name and address of the sender.
 - (ii) The name and address of the recipient.
 - (iii) The date of shipment.
 - (iv) The bill of lading number.
 - (v) The manufacturer of each item of gambling equipment if different from the sender.

- (vi) The model (no.) of each item of gambling equipment.
 - (vii) The year of manufacture (if known) of each slot machine or device /essential part shipped.
 - (viii) The manufacturer's serial number, if any, of each slot machine or device/essential part.
 - (ix) The number of units of each type, manufacturer, and model (no.) of slot machine/essential part.
- (B) For each sale, lease, or other transfer of gambling equipment not otherwise reportable under subparagraph (A) of this paragraph, and any transfer as an agent or broker on behalf of an antique collector, during the preceding calendar quarter by the manufacturer or distributor from or to a location within the State of California, the report shall include all of the following information:
- (i) The names and addresses of all parties to the sale or lease.
 - (ii) The date of the contract of sale or lease.
 - (iii) The date of shipment or delivery of the gambling equipment.
 - (iv) The name of the manufacturer of the gambling equipment if different from the seller.
 - (v) The year of manufacture (if known) of each slot machine or device/essential part sold.
 - (vi) The manufacturer's serial number, if any, of each slot machine or device/essential part.
 - (vii) The number of units of each type, manufacturer, and model (no.) of slot machine/essential part.

- (C) If a manufacturer or distributor delivers or ships gambling equipment to a purchaser or other recipient at a location in this state for subsequent transportation in interstate or foreign commerce as provided in California Penal Code section 330.8, the purchaser or other recipient shall be a registrant under this chapter. These transactions shall be reported pursuant to subparagraph (B) of this paragraph.
- (D) Any shipment of gambling equipment sent by a manufacturer or distributor to a tribal gaming facility or sent by a tribal gaming facility to a manufacturer or distributor that is reported to the Division pursuant to the terms of the transportation agreement required by Section 7.4.5 of the applicable Tribal-State Gaming Compact, need only be reported to the Commission by reference to the recipient and date of the report sent to the Division, if the report provided to the Division specifies the manufacturer, model (no.), and manufacturer's serial number of the gambling equipment shipped and the shipment is transported in full compliance with all of the requirements of the transportation agreement, including the following:
 - (i) The gambling equipment shall be located in a locked compartment or sealed container within the conveyance while being transported.
 - (ii) The gambling equipment shall not be accessible for use while being transported, and,
 - (iii) No gambling equipment shall be operated except on the Tribe's lands.
- (E) The report shall also include a list of all items of gambling equipment or essential parts in the possession or custody of the registrant at any location in this state (other than a shipment in transit) during the reporting period and the address of each business location of the registrant in this state at which each listed item of

gambling equipment or essential part was stored or otherwise located.

- (F) The report shall include a statement that it is accurate and complete within the personal knowledge of the designated representative who executes the report, and a declaration under penalty of perjury that it is true and correct, signed by the designated representative in the form specified in Code of Civil Procedure section 2015.5.
 - (G) The initial quarterly report required by this section shall be for the first calendar quarter of 2003 and shall be submitted and received no later than 30 days following the close of that calendar quarter.
- (2) Advise the Commission in writing of any new California business location or any termination of an existing business location, within 15 days following the change.
 - (3) Submit to any representative of the Commission or the Division any additional information requested by the representative concerning the registrant's activities as a manufacturer or distributor, including copies of any records maintained or retained pursuant to Title 15, United States Code, section 1173. The information shall include a statement that the information is accurate and complete within the personal knowledge of the designated representative who executes the report, and a declaration under penalty of perjury that it is true and correct, signed by the designated representative in the form specified in Code of Civil Procedure section 2015.5.
 - (4) Submit to inspection and examination by the Division of all premises where gambling equipment is manufactured, sold, or distributed, pursuant to Business and Professions Code section 19827(a)(1)(B).
 - (5) Submit to audits by representatives of the Commission, upon request, during normal business hours in order to verify the accuracy of reporting under this chapter.

- (b) The Commission may deny or revoke a registration, upon any of the following grounds, after a duly noticed hearing:
 - (1) The manufacturer or distributor has failed or refused to comply with any requirement of this chapter.
 - (2) The manufacturer or distributor has violated Penal Code sections 330a, 330b, 330.1, or 330.8.
- (c) This section shall become operative on August 1, 2003, and applies to reports for all quarters beginning with the report for the third quarter of 2003, which report shall contain data reflecting the new requirements for the months of July, August, and September.

Authority: Sections 19801(g), 19823, 19824, 19827(a)(1), 19840, and 19841(r), Business and Professions Code

Reference: Sections 19841(r), 19930, and 19931 Business and Professions Code

**Section 12303. Conditions of Registration.
(Repealed August 1, 2003)**

- (a) Each manufacturer or distributor shall, as a condition of continued registration, comply with the following continuing requirements:
 - (1) (A) Submit to the Commission, at its office in the City of Sacramento, within 30 days after the close of each calendar quarter, a report on each shipment of gambling equipment received or sent out by the manufacturer or distributor from or to a location in the State of California during the preceding calendar quarter, including the name and address of the sender and the recipient, the date of shipment, the type and model of gambling equipment or essential part shipped, including the serial number, if any, of the piece of gambling equipment or essential part, and the number of units of each type and model of gambling equipment or essential part. However, any shipment of gambling equipment sent by a manufacturer or distributor to a tribal gaming facility or sent by a tribal

gaming facility to a manufacturer or distributor that is reported to the Division pursuant to the terms of the transportation agreement required by Section 7.4.5 of the applicable Tribal-State Gaming Compact, need only be reported to the Commission by reference to the recipient and date of the report sent to the Division, provided that the shipment is transported in full compliance with all of the requirements of the transportation agreement, including the following:

1. The gambling equipment shall be located in a locked compartment or sealed container within the conveyance while being transported.
 2. The gambling equipment shall not be accessible for use while being transported, and,
 3. No gambling equipment shall be operated except on the Tribe's lands.
- (B) The report shall also include a list of all items of gambling equipment or essential parts in the possession or custody of the registrant at any location in this state (other than a shipment in transit) during the reporting period and the address of each business location of the registrant in this state at which each listed item of gambling equipment or essential part was stored or otherwise located.
- (C) The report shall include a statement that it is complete and a declaration under penalty of perjury that it is true and correct, signed by the designated representative in the form specified in Code of Civil Procedure section 2015.5.
- (D) The initial quarterly report required by this section shall be for the first calendar quarter of 2003 and shall be submitted and received no later than 30 days following the close of that calendar quarter.

- (2) Advise the Commission in writing of any new California business location or any termination of an existing business location, within 15 days following the change.
 - (3) Submit to any representative of the Commission or the Division any additional information requested by the representative concerning the registrant's activities as a manufacturer or distributor, including copies of any records maintained or retained pursuant to Title 15, United States Code, section 1173. The information shall include a statement that the information is complete, and a declaration under penalty of perjury that it is true and correct, signed by the designated representative in the form specified in Code of Civil Procedure section 2015.5.
 - (4) Submit to inspection and examination by the Division of all premises where gambling equipment is manufactured, sold, or distributed, pursuant to Business and Professions Code section 19827(a)(1)(B).
 - (5) Submit to audits by representatives of the Commission, upon request, during normal business hours in order to verify the accuracy of reporting under this chapter.
- (b) The Commission may deny or revoke a registration, upon any of the following grounds, after a duly noticed hearing:
- (1) The manufacturer or distributor has failed or refused to comply with any requirement of this chapter.
 - (2) The manufacturer or distributor has violated Penal Code sections 330a, 330b, 330.1, or 330.8.
- (c) This section shall be repealed on August 1, 2003, and shall have no force or effect on or after that date.

Authority: Sections 19801(g), 19823, 19824, 19827(a)(1), 19840, and 19841(r), Business and Professions Code

Reference: Sections 19841(r) and 19930, Business and Professions Code

Section 12304. Fines.

- (a) In addition to, or in lieu of, any denial or revocation of registration under Section 12303(b), any violation of this chapter other than as provided in subsection (c) of this section shall be subject to a fine not to exceed ten thousand dollars (\$10,000) upon first offense and twenty thousand dollars (\$20,000) upon any second or subsequent offense for each separate violation, as provided by Business and Professions Code section 19930, subdivision (c).
- (b) Each day a violation continues shall be deemed a separate violation commencing after receipt of notice of violation by the manufacturer or distributor from the Commission or Division or 30 days after commencement of the violation, whichever first occurs.
- (c) A manufacturer or distributor shall be liable for a civil penalty not to exceed five hundred dollars (\$500) per business day for each business day that the report required by Section 12303(a)(1) is overdue. For purposes of this chapter, the report shall be deemed overdue if not received by the Commission within 30 calendar days following the last day of the calendar quarter for which the report is required.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code.

Reference: Sections 19841(r), 19930, and 19931, Business and Professions Code

Section 12305. Availability of Records.

- (a) Copies of any and all records provided to the Commission by applicants and registrants under this chapter shall be provided upon request to the Division and made available upon request to any law enforcement agency.
- (b) Upon request of the Commission, copies of the following records shall be provided by the Division to the Commission:
 - (1) Any and all records received by the Division from manufacturers and distributors,

- (2) Any and all transportation agreements and amendments to transportation agreements entered into with gaming tribes under the Tribal-State Gaming Compacts referred to in section 12306,
- (3) Any and all records received by the Division pursuant to transportation agreements entered into with gaming tribes under the Tribal-State Gaming Compacts referred to in section 12306.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code

Reference: Sections 19805(b) and 19841, Business and Professions Code

Section 12306. Applicability on Indian Lands.

This chapter does not apply to the manufacture or distribution of gambling equipment conducted upon Indian lands in this state on which class III gaming has been authorized, in accordance with a Compact between a federally recognized Indian Tribe and the State of California, as provided in Section 11 of the Indian Gaming Regulatory Act of 1988 (P.L. 100-497), Title 25, United States Code, section 2710 and any amendments thereto; provided, that the manufacture or distribution is not prohibited by the laws of the United States and is limited to gambling equipment that is used or for use in the Tribe's gaming operation, including the sale of gambling equipment previously acquired for use in the Tribe's gaming operation.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code

Reference: Section 19841(r), Business and Professions Code; Title 25, United States Code, section 2710

Section 12308. Penal Code Applicability.

Nothing in this chapter shall be construed to make lawful the manufacture, distribution, or transportation of any slot machine or device in violation of any provision of chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code

Reference: Section 19841(r), Business and Professions Code; Chapter 10 (commencing with Section 330) of Title 9 of Part 1, Penal Code

Section 12309. Forms

- (a) Applications for registration under section 12301(b) shall be submitted on the Application for Registration of Manufacturers or Distributors of Gambling Equipment CGCC 025 (Rev. 11-03), which is hereby incorporated by reference.
- (b) Quarterly Report CGCC 040 (rev. 11/03), which is hereby incorporated by reference, may but need not be used for submission of reports required by Section 12303.

Authority: Sections 19823, 19824, 19840, and 19841(r), and 19864, Business and Professions Code.

Reference: Sections 19841(r) and 19951(a), Business and Professions Code; Section 2015.5, Code of Civil Procedure; Section 330.8, Penal Code; Chapter 24 (commencing with Section 1171) of Title 15 of the United States Code.

Section 12310. Uniform Tribal Gaming Regulation Exemption.

There shall be exempt from this chapter all Class B manufacturers and distributors that are subject to requirements of a Tribal Gaming Agency pursuant to a uniform regulation (1) that has been approved by the Association of Tribal and State Gaming Regulators, and is in effect as provided in Section 8.4.1 of the Tribal-State Gaming Compacts, and (2) that includes the requirement for manufacturers and distributors to provide quarterly reports to the Commission pertaining to gaming device shipments pursuant to the Transportation Agreements entered into by Tribal Gaming Agencies and the State Gaming Agency pursuant to Section 7.4.5 of the Tribal-State Gaming Compacts, which reports are verified by a declaration under penalty of perjury signed by the designated representative of the manufacturer or distributor that the report is true and correct.

Authority: Sections 19823, 19824, 19840, and 19841(r), Business and Professions Code

Reference: Section 19841(r), Business and Professions Code